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A87F-3

Farm Broadcasters Letter

Letter No. 2391

December 1, 1988

U.S.-SOVIET GRAIN TRADE

The U.S. and the USSR have extended their second five-year grain agreement through December 31, 1990, according to the U.S. Department of Agriculture. The extended agreement commits the Soviets to annual purchases of at least 4 million metric tons of wheat, 4 million metric tons of corn, and an additional 1 million metric tons of wheat, corn, soybeans and/or soybean meal, with each ton of soybeans or meal counting as two tons of grain. The Soviets can also buy an additional 3 million metric tons annually without prior consultation with the U.S. government.

FEED GRAIN SITUATION AND OUTLOOK

This year's harvest of the four feed grains is 141.7 million metric tons, down 34 percent from last year's production and is the lowest since the drought and the PLK program reduced the crop of 1983, according to the U.S. Department of Agriculture. Of the feed grains, barley and oat crops suffered the greatest damage, sorghum the least. Corn yields were down 31 percent. This led to a 34 percent decline in the corn crop to 4,671 million bushels, the lowest since 1983. The 1988 barley crop, at 283 million bushels, is down 47 percent from 1987 and is the smallest since 1953. The 1988 oat crop, estimated at 211 million bushels, is 44 percent below 1987 and is the smallest crop of record. The sorghum crop, at 546 million bushels, is down by 26 percent.

OUTLOOK '89 FORECAST FOR NEW CROP YEAR

The acreage of many major U.S. crops is likely to increase in 1989 as acreage idling requirements will decline, according to the U.S. Department of Agriculture. The 1989 Feed Grain Program features a 10 percent Acreage Reduction Program and no Paid Land Diversion. This compares with a 20 percent Acreage Reduction and 15 percent Paid Land Diversion in 1988. These program changes could add 8 to 10 million acres of corn plantings in 1989. If the weather cooperates next year, yields of 120 bushels per acre are possible. The 1989 crop could be between 7.7 and 8.3 billion bushels.

1989: EXPORT VALUE TO RISE, VOLUME TO DECREASE

U.S. agricultural exports are expected to continue rising in fiscal 1989, growing \$1.2 billion to \$36½ billion, according to the U.S. Department of Agriculture. However, volume is likely to fall 8 percent to 136 million tons as the U.S. share of world trade shrinks for some drought-affected products. As world stocks decrease, prices for wheat, corn and soybeans may be at their highest since fiscal 1985. U.S. cotton and oilseed exports are expected to decline in value, but a \$2.5 billion increase for grain and feed shipments will be more than offsetting. Favorable exchange rates and relatively strong world economic growth will help sustain exports of high-value products near fiscal 1988's record \$16.4 billion.

1988 YEARBOOK
OF AGRICULTURE

The 1988 Yearbook of Agriculture, titled "Marketing U.S. Agriculture," is aimed at a broad audience...farmers, consumers, food processors, exporters, and entrepreneurs looking for challenges in agribusiness. The 336-page book has some 75 authors from industry, government and the academic community. Each Member of Congress will have limited free copies for public distribution. Copies are for sale at \$9.50 from the Superintendent of Documents, Washington, D.C. 20402-9371, as well as from government bookstores in many cities.

OUTLOOK '89 -
GLOBAL

The global agricultural outlook for 1989 is highlighted by smaller crop supplies, firm demand and higher prices, according to an Outlook presentation at the U.S. Department of Agriculture. The 1988 drought sharply cut U.S. and Canadian grain and oilseed crops, putting a dent in world supplies. Crop prices will continue to reflect these smaller supplies early next year, but expanded output is likely in the second half of 1989. Supplies of animal products will continue to be large next year, dampening livestock price increases.

OUTLOOK '89 -
U.S. - CASH &
NET INCOME

Due to the 1988 drought, smaller crop supplies and higher prices will mean slightly higher marketing receipts than the U.S. farmer got this year, according to a report at the U.S. Department of Agriculture's Outlook Conference. U.S. farmers will be getting less in direct Government payments, and their production expenses will rise with expanded acreage and costlier production inputs. Thus, cash farm income in 1989 is likely to decline about one-tenth from the 1988 record-tying estimate of \$56-\$58 billion. Net farm income in 1989, unlike cash income, will be supported by an increase in the value of inventories and is expected to total about one-fifth above the \$38-\$40 billion estimated for this year.

OUTLOOK '89 -
GOOD NEWS
FOR FOOD
SHOPPERS

The 1989 outlook favors the food shopper, according to the U.S. Department of Agriculture. Even though the drought trimmed the potential meat output, meat supplies will be the second largest ever, boosted by large pork supplies and bigger poultry supplies. These large meat supplies and bigger 1989 crop output, coupled with slowly rising inflation, will mean an increase of 3 to 5 percent in food prices in 1989. This year, food prices will rise about 4 percent, reflecting higher prices for some drought-related crop foods, including cereals and bakery products, vegetable oils, fruit and vegetables.

OUTLOOK '89 -
DROUGHT IMPACT
ON GLOBAL STOCKS

The global impact of this year's reduced crops in the U.S. and Canada will be more evident on stocks. According to the U.S. Department of Agriculture, global grain and soybean stocks will be worked down about one-third in 1988/89. In relation to use, world stocks will decline sharply, with 1988/89 carry-over stocks representing about 2 months of use for grains and 1½ months for soybeans.

NEW AID FOR
EXPORTERS

The U.S. Department of Agriculture has established a Trade Assistance and Planning Office to assist U.S. exporters of agricultural products. The new office, part of USDA's Foreign Agricultural Service, will provide a wide range of information to exporters, including information on foreign export trade barriers, unfair trade practices, and remedies under U.S. law for firms that may have been injured by unfair trade practices.

1988/89 WORLD
WHEAT USE

World wheat use in 1988/89 is currently projected at a near-record 534 million tons, according to the U.S. Department of Agriculture. The consumption will be maintained despite the fact that wheat prices are sharply higher. Since the mid-1970's, world wheat consumption has been increasing steadily, with wheat food use growing at an annual rate of around 3 percent. In addition, wheat is an important feed ingredient. In the last few years, a number of countries have again imported feed quality wheat from two of the major exporters, Australia and Canada, and generally higher prices for wheat are likely to reduce the amount of food wheat trade in 1988/89.

FASTEST
GROWING
MARKETS

The five fastest growing markets for U.S. agricultural exports in fiscal 1988 were the Soviet Union, Japan, China, Algeria and India, according to the U.S. Department of Agriculture. The five largest markets were the European Community, Japan, Korea, Canada and the Soviet Union.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1644...(Weekly 13½ min documentary) What's in that traditional holiday dinner? Pat O'Leary has a light hearted report on what goes into our stomachs this time of year.

AGRITAPE/FARM PROGRAM REPORT #1632...(Weekly reel of news features) USDA news highlights; General outlook for 1989; Winter ag. weather outlook; Soviet wheat outlook.

CONSUMER TIME #1124...(Weekly reel of 2½-3 min features) Christmas tree prices; An ugly Christmas tree; Planning your holiday shopping; Holiday charges can be hazardous; Selecting the 1988 model Christmas tree.

USDA RADIO NEWS SERVICE...(Dec. 5, 6, 7, 8 we will carry reports from the GATT review in Montreal. Brenda Curtis will be on the scene with coverage.) Mon, Dec. 12, U.S. crop production report, Soviet grain outlook, World supply and demand; Tues, Dec. 13, Crop/weather update, World oilseed situation, World cotton situation, World crop production; Wed, Dec. 14, Farm income and finance outlook; Thurs, Dec. 15, Milk production; Fri, Dec. 16, U.S. tobacco outlook; World coffee situation, Cattle on feed report; Tues, Dec. 20, Crop/weather, Ag. outlook, Catfish production. Dial the USDA Radio Newsline 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays

ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 10D
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 10D

Mondays

REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

OFFMIKE

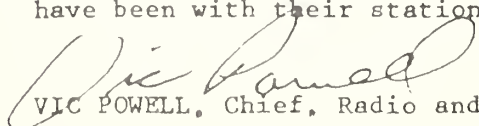
65th Annual Outlook Conference...reports were made available daily on the radio Newsline service, and TV interviews were sent within the DOWN TO EARTH series and TV News Service. Events were well attended. If you didn't make it this year plan to be here next year. Great to see a number of farm broadcasters, including Kathleen Lonergan (KMA Shenandoah IA) who joined us for our morning news planning session. Special thanks to Dave Carter and Patrick O'Leary of USDA-EMS public affairs staff for helping our radio staff to cover the sessions.

Congratulations...to Gary Truitt (Agri-Business Network, Indianapolis IN) for his selection as NAFB 1988 Farm Broadcaster of the Year...to Charles Might (NAFB Executive Sales/Marketing Director) for receiving the NAFB Meritorious Service Award...and to Lee Kline and Keith Kirkpatrick (WHO Des Moines IA) for Meritorious Service awards from the American Society of Farm Managers and Rural Appraisers.

Farm Broadcasters Letter
Radio and Television, Rm. 410A
Office of Information, OGPA
U.S. Department of Agriculture
Washington, D.C. 20250-1300

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FARM Director...has been named at WCSJ, Morris IL, David Rudnick. GATT...coverage December 5-8 in Montreal. Radio reports on our Newsline service each day at 5 pm ET; TV on Westar IV, 1 pm ET, channel 14 the 5th & 6th, channel 11 the 7th, channel 20 the 8th. FURROW...magazine called the other day for info about a radio documentary produced by our Gary Crawford for the Agriculture USA radio series. Program's subject was a cricket farm in Florida. Seems an editor at the magazine heard it and wanted information for an article that they plan to publish about the farm. History...10 years ago this column, Ray Wilkinson (WRAL Raleigh) elected NAFB vice president. 20 years ago, George Logan (WIBW Topeka) has been participating by phone on "Sunday Morning Visit" programs. I think it speaks well of the importance of farm broadcasting and the talent of these two broadcasters for them to have been with their stations for a number of years.


VIC POWELL, Chief, Radio and Television Division